

June 14, 2014

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CHIEF EXECUTIVE OFFICER

The Honorable Fran Pavley  
California State Senate  
State Capitol, Room 4305  
Sacramento, CA 95814

Dear Senator Pavley:

I am writing to confirm with you the intent of the California High-Speed Rail Authority (Authority), working in conjunction with regional transportation partners, to accelerate reductions in greenhouse gas emissions (GHG) and put new emphasis on improvements in urban areas utilizing the funding that would be provided through the ongoing commitment of cap and trade proceeds, as contained in Senate Bill (SB) 862.

The ongoing commitment of cap and trade proceeds creates significant new opportunities for rail and transit improvements, including high-speed rail. Most significantly, it will allow the Authority to advance the program on multiple segments concurrently. This has a number of key benefits, which will result in GHG reductions sooner, including: overall acceleration of the program, which can also yield cost savings; and improvements in Southern California's existing rail system, which will benefit commuters in the region in the near-term and ultimately tie into the broader system.

If SB 862 is enacted into law, we will continue the development and construction of the spine of the system in the Central Valley, utilizing previously appropriated federal and state funds. We would also continue the work with our partners in the Bay Area to electrify the Caltrain corridor, targeted for completion in 2019. Cooperative efforts with the Capitol Corridor and Altamont Commuter Express rail services would continue, aimed at creating a cohesive passenger rail network in Central and Northern California.

At the same time, with cap and trade funds we would accelerate work on the segment from Burbank to Palmdale, so that we would be building the initial operating segment from two directions, north to south, and south to north. The Burbank-Palmdale segment, which potentially could become an operating segment on its own, would accelerate benefits to the Los Angeles region. It would also allow for the earlier connection of our system with the proposed XpressWest line from Las Vegas. As you can imagine, a high-speed, electric rail connection from Los Angeles to Las Vegas would provide tremendous benefits for the region, both in terms of travel and GHG reductions.

We would use cap and trade funds to simultaneously work with our regional transportation partners to advance key local improvements that would improve commutes and reduce GHG emissions. As you may know, in 2012 the Authority and the Southern California Association of Governments negotiated an agreement among the region's transportation agencies to identify priority investments that could align with our goals and requirements and also address near-term regional needs. The availability of cap and trade funds would make it possible to move immediately on the highest priority regional projects, such as the Southern California Regional

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Interconnector Project, which would dramatically improve the efficiency and capacity of existing Metrolink and Amtrak service throughout Southern California; and, key grade separation projects on the Los Angeles-Anaheim corridor. These and other projects will make rail more efficient, reduce GHG emissions, and improve safety.

The revised emphasis described above, enabled by the ongoing commitment of cap and trade proceeds, was anticipated in the Authority's 2014 Business Plan, which was submitted to the Legislature on April 30, 2014. Consistent with the Business Plan and following enactment of the SB 862, the Authority Board of Directors would be asked to formally adopt the approach and direct staff to implement the direction. Chairman Dan Richard and the entire board are fully supportive of this direction and eager to see us proceed with these simultaneous investments.

Your leadership has been key to advancing some of the most aggressive and forward-looking environmental laws in the nation. I assure you that the Authority is determined to do all that we can to ensure that the advancement of rail, including high-speed rail, plays a significant role in achieving California's goals to combat climate change and to improve sustainability. Please let me know if you have any questions. I look forward to working with you as we move forward.

Sincerely,



JEFF MORALES  
Chief Executive Officer